

No. 11182

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
JAMAICA**

**Guarantee Agreement—*Agricultural Credit Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Loan Agreement between the Bank and the Jamaica Development Bank). Signed at Washington on 28 December 1970**

*Authentic text : English.*

*Registered by the International Bank for Reconstruction and Development on 22 June 1971.*

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**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
JAMAÏQUE**

**Contrat de garantie — *Projet relatif au crédit agricole* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat d'emprunt entre la Banque et la Jamaica Development Bank). Signé à Washington le 28 décembre 1970**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 22 juin 1971.*

## GUARANTEE AGREEMENT<sup>1</sup>

AGREEMENT, dated December 28, 1970, between JAMAICA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith<sup>2</sup> between the Bank and Jamaica Development Bank (hereinafter called the Borrower) the Bank has agreed to make to the Borrower a loan in various currencies equivalent to three million seven hundred thousand dollars (\$3,700,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows :

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,<sup>3</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the modification thereof set forth in Section 1.01 of the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

### *Article II*

#### GUARANTEE; BONDS

*Section 2.01.* Without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and

<sup>1</sup> Came into force on 1 June 1971, upon notification by the Bank to the Government of Jamaica.

<sup>2</sup> See p. 146 of this volume.

<sup>3</sup> *Ibid.*

punctual payment of the principal of, and interest and other charges on, the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity, all as set forth in the Loan Agreement and in the Bonds.

*Section 2.02.* The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister responsible for Finance of the Guarantor and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

### Article III

#### OTHER COVENANTS

*Section 3.01.* (a) It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.

(b) To that end the Guarantor (i) represents that at the date of this Agreement no lien exists on any governmental assets as security for any external debt, and (ii) undertakes that if any such lien shall be created, it will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds and in the creation of any such lien express provision will be made to that effect. The Guarantor shall promptly inform the Bank of the creation of any such lien.

(c) The foregoing representation and undertaking shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

As used in this Section, the term "governmental assets" means assets of the Guarantor, of any of its political subdivisions, of any agency of the Guarantor or of any such political subdivision; and assets of the Bank of Jamaica or any institution performing the functions of a central bank for the Guarantor.

*Section 3.02.* The Guarantor covenants that it will not take, or cause or permit any of its political subdivisions or any of its agencies or any agency of any such political subdivisions to take any action which would prevent or interfere with the performance by the Borrower of its obligations contained in the Loan Agreement and will take or cause to be taken all reasonable action necessary or appropriate to enable the Borrower to perform such obligations.

*Section 3.03.* The Guarantor shall establish and maintain a Coordination Committee, consisting of the Permanent Secretary of the Ministry of Agriculture and Fisheries of the Guarantor or his representative and a senior official of each of the Ministry of Finance and Planning, the Ministry of Rural Land Development and the Borrower, to coordinate the agricultural credit programs of the ministries, agencies and organizations involved in agricultural development in the context of the Guarantor's policies and priorities for the development of the agricultural sector.

*Section 3.04.* The Guarantor shall make, and maintain in effect, arrangements satisfactory to the Bank to protect the Borrower against losses in connection with the payment of interest or other charges on, or the repayment of principal of, the Loan or the Bonds resulting from changes in the rate of exchange between Jamaican dollars and the currency or currencies in which such payments are to be made.

*Section 3.05.* The Guarantor shall make available to the Borrower and to participating farmers in connection with the Project the technical, extension and research services offered by its Ministry of Agriculture and Fisheries and other appropriate agencies.

*Section 3.06.* The Guarantor shall take steps, or cause steps to be taken, to facilitate the availability of sufficient additional slaughterhouse facilities to serve the Kingston metropolitan area and other areas within its territories to process efficiently the additional beef production resulting from the Project and shall consult with the Bank periodically regarding the plans of the Guarantor for implementing this Section.

#### *Article IV*

##### CONSULTATION AND INFORMATION

*Section 4.01.* The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end the Guarantor and the Bank shall from time to time, at the request of either party : (i) exchange views through their representatives with regard to the performance of their respective obligations under the Guarantee Agreement and other matters relating to the purposes of the Loan; and (ii) furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor, including its balance of payments, and the external debt of the Guarantor, of any of its political subdivisions and of any agency of the Guarantor or of any such political subdivision.

*Section 4.02.* (a) The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(b) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

### *Article V*

#### TAXES AND RESTRICTIONS

*Section 5.01.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the foregoing shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

*Section 5.02.* The Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 5.03.* The payment of the principal of, and interest and other charges on, the Loan and the Bonds shall be free from all restrictions, regulations, controls or moratoria of any nature imposed under the laws of the Guarantor or laws in effect in its territories.

### *Article VI*

#### REPRESENTATIVE OF THE GUARANTOR; ADDRESSES

*Section 6.01.* The Minister responsible for Finance of the Guarantor is designated as representative of the Guarantor for the purposes of Section 10.03 of the General Conditions.

*Section 6.02.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Guarantor :

Ministry of Finance and Planning  
Kingston, Jamaica

Cable address :

Ministry of Finance  
Kingston

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  
Cable address :  
Intbafrad  
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Jamaica :

By EGERTON RICHARDSON  
Authorized Representative

International Bank for Reconstruction and Development :

By J. BURKE KNAPP  
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.*]

## LOAN AGREEMENT

AGREEMENT, dated December 28, 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and JAMAICA DEVELOPMENT BANK (hereinafter called the Borrower).

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank,

dated January 31, 1969,<sup>1</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Section 5.01 thereof (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings :

(a) " JDB Act " means the Jamaica Development Bank Act of 1969, which was assented to March 31, 1969, and which came into effect on September 3, 1969;

(b) " Statement of Policy " means the statement on lending, investment and financial policy adopted by the Board of Directors of the Borrower on September 7, 1970, as amended December 7, 1970;

(c) " subsidiary " means any company of which a majority of the issued voting stock or other proprietary interest is owned or effectively controlled by the Borrower or by any one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries;

(d) " Jamaican dollars " and " J\$ " mean the currency of the Guarantor;

(e) " Farm " and " farming " include beef ranch and dairy operations;

(f) " Sub-loan " means a loan granted or proposed to be granted by the Borrower under Part A of the Project, in accordance with the provisions of Schedule 4 to this Agreement; and

(g) " Participating farmer " means a person who proposes to enter or enters into arrangements with the Borrower for a sub-loan.

## *Article II*

### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to three million seven hundred thousand dollars (\$3,700,000).

*Section 2.02.* The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time by agreement between the Borrower and the Bank, for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 3 to this Agreement and to be financed under the Loan Agreement; provided, however, that, except as the Bank shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of

<sup>1</sup> See p. 146 of this volume.

the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

*Section 2.03.* The Closing Date shall be December 31, 1974 or such other date as shall be agreed between the Bank and the Borrower.

*Section 2.04.* The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

*Section 2.05.* The Borrower shall pay interest at the rate of seven and one-quarter per cent ( $7\frac{1}{4}\%$ ) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

*Section 2.06.* Interest and other charges shall be payable semi-annually on January 1 and July 1 in each year.

*Section 2.07.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

*Section 2.08.* If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

*Section 2.09.* The Chairman of the Board of Directors of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

### *Article III*

#### EXECUTION OF THE PROJECT

*Section 3.01.* The Borrower shall carry out the Project and conduct its operations and affairs in accordance with sound agricultural, banking and financial standards and practices, with qualified and experienced management and personnel, and in accordance with the JDB Act and the Statement of Policy.

*Section 3.02.* Except as the Bank shall otherwise agree, the Borrower in carrying out Part A of the Project shall make sub-loans to participating farmers in accordance with the policies and procedures set forth in Schedule 4 to this Agreement. For the purpose the Borrower shall arrange for the adequate staffing of its Agricultural Credit Section and shall ensure that such section will continue to be headed by an experienced and qualified agriculturist with administrative experience, and prior to making future appointments the Borrower shall consult with the Bank.

*Section 3.03.* In carrying out Part B of the Project, the Borrower shall employ an agricultural economist and a livestock specialist, both internationally recruited and mutually satisfactory to the Borrower and the Bank, on terms and conditions mutually satisfactory to the Borrower and the Bank.

*Section 3.04.* The Borrower : (i) shall maintain records adequate to record the expenditure of the proceeds of the Loan, to identify the sub-loans made under Part A of the Project and to reflect in accordance with sound accounting practices all financial transactions of the Borrower with respect to such sub-loans; (ii) shall enable the Bank's



representatives to inspect the farms for which sub-loans under Part A of the Project are made, the goods financed out of the proceeds of such sub-loans and any relevant records and documents; and (iii) shall furnish to the Bank all such information as the Bank shall reasonably request concerning the Project, the expenditure of the proceeds of the Loan, and the sub-loans made under Part A of the Project.

*Section 3.05.* The Borrower shall promptly arrange with the Guarantor, the Jamaica Coconut Industry Board and the Jamaica Citrus Growers' Association for the provision by the extension and research staff of the Guarantor and those organizations of extension services, technical advice, guidance and assistance to the Borrower and participating farmers.

#### *Article IV*

##### FINANCIAL COVENANTS

*Section 4.01.* (a) The Borrower shall maintain records adequate to reflect in accordance with consistently maintained sound accounting practices its operations and financial conditions.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the operations and financial condition of the Borrower.

*Section 4.02.* The Borrower shall : (a) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, by independent auditors satisfactory to the Bank, in accordance with sound auditing principles consistently applied; (b) furnish to the Bank, as soon as available but in any case not later than four months after the end of each such year, certified copies of its audited financial statements for such year and an audit report by the said auditors of such scope and in such detail as the Bank shall have reasonably requested; and (c) furnish to the Bank such other information concerning the accounts and financial statements of the Borrower and the audit thereof as the Bank shall from time to time reasonably request.

*Section 4.03.* The Borrower undertakes that, except as the Bank shall otherwise agree : (a) if the Borrower or any subsidiary shall create any lien on any of its assets as security for any debt, such lien will equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; and (b) if any lien shall be created on any assets of the Borrower or of any subsidiary other than under (a) above, as security for any debt, the Borrower shall grant to the Bank an equivalent lien satisfactory to the Bank; provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

**Section 4.04.** The Borrower shall not make any repayment in advance of maturity in respect of any outstanding debt of the Borrower (other than the Loan) which, in the judgment of the Bank, would materially affect the Borrower's ability to meet its financial obligations.

**Section 4.05.** Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall not incur or permit any subsidiary to incur any debt if, after the incurring of such debt, the consolidated debt of the Borrower and all its subsidiaries then incurred and outstanding would be greater than three times the consolidated capital and surplus of the Borrower and all its subsidiaries. For the purposes of this Section :

(a) The term " debt " means any debt incurred by the Borrower or any subsidiary maturing more than one year after the date on which it is originally incurred.

(b) Debt shall be deemed to be incurred : (i) under a loan contract or agreement on the date and to the extent the amount of the loan is drawn down pursuant to such loan or agreement, and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into but only to the extent that the guaranteed debt is outstanding.

(c) Whenever in connection with this Section it shall be necessary to value in terms of Jamaican dollars debt payable in another currency, such valuation shall be made at the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable by the Borrower for the purposes of servicing such debt.

(d) The term " consolidated debt of the Borrower and all its subsidiaries " means the total amount of debt of the Borrower and all its subsidiaries, excluding : (i) any debt owed by the Borrower to any subsidiary or by any subsidiary to the Borrower or to any other subsidiary, and (ii) the amounts of loans to the Borrower by the Guarantor referred to in paragraph (e) (ii) of this Section.

(e) The term " consolidated capital and surplus of the Borrower and all its subsidiaries " means the aggregate of : (i) the total unimpaired paid-up capital, surplus and free reserves of the Borrower and all its subsidiaries after excluding therefrom such amounts as shall represent equity interests of the Borrower in any subsidiary or of any subsidiary in the Borrower or any other subsidiary, and (ii) such amounts of loans to the Borrower by the Guarantor as the Bank may approve.

**Section 4.06.** The Borrower shall exercise its rights under subscriptions and agreements to subscribe to its capital shares so as to ensure receipt of the capital funds available to it promptly as needed for its operations.

**Section 4.07.** The Borrower shall take such steps satisfactory to the Bank as shall be necessary to protect itself against risk of loss resulting from changes in the rates of exchange between the currencies (including Jamaican dollars) used in its operations.

**Section 4.08.** The Borrower shall duly perform all its obligations under agreements under which funds have been lent or otherwise put at the disposal of the Borrower by the Guarantor or its agencies or others for relending, investment or

management. The Borrower shall promptly inform the Bank of any action which would have the effect of assigning, or of amending, abrogating or waiving any material provision of, any such agreement.

#### *Article V*

##### CONSULTATION AND INFORMATION

*Section 5.01.* The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance of their respective obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and its subsidiaries and to other matters relating to the purpose of the Loan.

*Section 5.02.* The Bank and the Borrower shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by either of them of its obligations under the Loan Agreement.

#### *Article VI*

##### TAXES

*Section 6.01.* The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery, or registration of the Loan Agreement, the Guarantee Agreement<sup>1</sup> or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

*Section 6.02.* The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

#### *Article VII*

##### REMEDIES OF THE BANK

*Section 7.01.* If any event specified in Section 7.01 of the General Conditions or in Section 7.03 of this Agreement shall occur and shall continue for the period, if

<sup>1</sup> See p. 138 of this volume.

any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower and the Guarantor declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately together with the interest and other charges thereon and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

*Section 7.02.* For the purposes of Section 6.02 of the General Conditions the following additional events are specified :

- (a) Any part of the principal amount of any loan to the Borrower having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity as provided in the relative contractual instruments, or any security for any such loan shall have become enforceable.
- (b) The JDB Act shall have been amended or repealed so as to affect materially and adversely the operations or financial condition of the Borrower.
- (c) A change, which in the judgment of the Bank would materially and adversely affect the objectives, financial condition or operations of the Borrower, shall have been made in the Statement of Policy without the Bank's consent.
- (d) A subsidiary or any other entity shall have been created or acquired or taken over by the Borrower, if such creation, acquisition or taking over would adversely affect the conduct of the Borrower's business or the Borrower's operations or financial situation or the carrying out of the Project.
- (e) The Borrower shall be unable, for any reason, to obtain the funds to be subscribed to its capital shares in accordance with the letters of the Ministry of Finance of the Guarantor dated July 28, 1970 and of the Bank of Jamaica dated November 18, 1970.

*Section 7.03.* For the purposes of Section 7.01 of the General Conditions the following events are specified :

- (a) Any event specified in Section 7.02 (a), (b) or (c) shall occur.
- (b) The event specified in Section 7.02 (d) of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.

### *Article VIII*

#### EFFECTIVE DATE; TERMINATION

*Section 8.01.* The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions :

- (a) The Borrower shall have employed a competent and experienced individual as a Deputy General Manager.
- (b) The Borrower shall have made arrangements satisfactory to the Bank for the employment of the experts referred to in Section 3.03 of this Agreement.

*Section 8.02.* The date April 1, 1971, is hereby specified for the purposes of Section 11.04 of the General Conditions.

*Article IX*

ADDRESSES

*Section 9.01.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address :

Intbafrad  
Washington, D.C.

For the Borrower :

General Manager  
Jamaica Development Bank  
15 Oxford Road  
Kingston, Jamaica

Cable address :

Jamdevbank  
Kingston

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development :

*By* J. BURKE KNAPP  
Vice President

Jamaica Development Bank :

*By* ABE ISSA  
Authorized Representative

## SCHEDULE 1

## WITHDRAWAL OF THE PROCEEDS OF THE LOAN

1. The table below sets forth the categories of items to be financed out of the proceeds of the Loan, the allocation of amounts of the Loan to each category and the percentage of eligible expenditures so to be financed in each category :

<i>Category</i>	<i>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Disbursements actually effected by the Borrower on account of sub-loans for investments in :		57% of such disbursements
(A) Coconut farms . . . . .	1,200,000	
(B) Citrus farms . . . . .	700,000	
(C) Beef farms . . . . .	1,100,000	
(D) Dairy products farms . . . . .	500,000	
II. Salaries and other expenditures approved by the Bank for the experts referred to in Part B of the Project . . . . .	200,000	100% of expenditures
TOTAL	3,700,000	

2. Notwithstanding the provisions of paragraph 1 above :

- (i) no withdrawals shall be made in respect of expenditures prior to the date of this Agreement; and
- (ii) no withdrawal shall be made under Category I in respect of any sub-loan made by the Borrower exceeding \$100,000 equivalent principal amount unless the Bank shall have approved the making of such sub-loan.

3. If the estimate of the disbursements or expenditures under any sub-category or category shall decrease, the amount of the Loan then allocated to, and no longer required for, such sub-category or category will be reallocated, at the request of the Borrower, to any other sub-category or category, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the items in the other sub-categories or category.

## SCHEDULE 2

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
July 1, 1976 . . . . .	115,000	January 1, 1982 . . . . .	165,000
January 1, 1977 . . . . .	115,000	July 1, 1982 . . . . .	175,000
July 1, 1977 . . . . .	120,000	January 1, 1983 . . . . .	180,000
January 1, 1978 . . . . .	125,000	July 1, 1983 . . . . .	185,000
July 1, 1978 . . . . .	130,000	January 1, 1984 . . . . .	190,000
January 1, 1979 . . . . .	135,000	July 1, 1984 . . . . .	200,000
July 1, 1979 . . . . .	140,000	January 1, 1985 . . . . .	205,000
January 1, 1980 . . . . .	145,000	July 1, 1985 . . . . .	215,000
July 1, 1980 . . . . .	150,000	January 1, 1986 . . . . .	220,000
January 1, 1981 . . . . .	155,000	July 1, 1986 . . . . .	230,000
July 1, 1981 . . . . .	160,000	January 1, 1987 . . . . .	245,000

\* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

## PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity . . . . .	1½%
More than three years but not more than six years before maturity . . . . .	2½%
More than six years but not more than eleven years before maturity . . . . .	4%
More than eleven years but not more than fourteen years before maturity . . . . .	6%
More than fourteen years before maturity . . . . .	7½%

## SCHEDULE 3

## DESCRIPTION OF THE PROJECT

The Project forms part of the agricultural lending program of the Borrower for commercial farmers already cultivating land and proposing to further develop and expand their farms, and for viable new commercial farming enterprises, for the production of coconuts, citrus, beef and dairying, and consists of the following :

*Part A.* The provision of long-term sub-loans to assist the said farmers in financing investments in on-farm improvements including land preparation, machinery and equipment, planting materials, livestock and other agricultural inputs, for the development and expansion of approximately 140 farms for the production of

the aforementioned commodities, with an additional total acreage of about 23,000 acres.

*Part B.* The provision of experts to assist the Agricultural Credit Section of the Borrower in providing technical, financial and administrative services related to the extension of sub-loans for Part A of the Project.

#### SCHEDULE 4

##### POLICIES AND PROCEDURES TO BE FOLLOWED BY THE BORROWER IN MAKING SUB-LOANS TO BE FINANCED OUT OF THE LOAN

1. Sub-loans to participating farmers under Part A of the Project are expected to be made for the development and expansion of approximately :

- (i) 50 coconut farms, each with about 100 additional acres;
- (ii) 30 citrus farms, each with about 100 additional acres;
- (iii) 45 beef cattle farms, each with about 300 additional acres;
- (iv) 15 dairy cattle farms, each with about 100 additional acres.

2. Applications by participating farmers for sub-loans under Part A of the Project, which would include information as to the applicant's experience, the results of his farming operations in past years and other matters relating to his credit-worthiness would be reviewed by the Agricultural Credit Section of the Borrower. This Section shall assist, to the extent necessary, in formulating the farm investment plan of each participating farmer and will appraise the technical and financial aspects of the investment proposed for each participating farmer, for a decision by the Borrower regarding the granting of a sub-loan.

3. Sub-loans made by the Borrower under Part A of the Project shall not ordinarily exceed 80% of the estimated cost of the proposed investment. Any proposed sub-loan exceeding \$100,000 equivalent principal amount shall be submitted to the Bank for approval prior to the Borrower's entering into any commitment to make such sub-loan. Such approval shall be deemed to have been given if the Bank shall not have notified the Borrower to the contrary within three weeks of receipt of the Borrower's submission in respect thereof.

4. Sub-loans shall be denominated and payable in Jamaican dollars. Sub-loans shall bear interest at the rate of  $8\frac{3}{4}\%$  per annum on the principal amount withdrawn and outstanding. Out of the  $8\frac{3}{4}\%$  annual interest rate  $\frac{1}{10}$  of one percentage point would be paid to the Guarantor as a fee for the foreign exchange risk to be undertaken by the Guarantor under Section 3.04 of the Guarantee Agreement. Commitment charge at the rate of  $\frac{1}{4}$  of 1% per annum shall be payable on undrawn balances. The participating



farmer shall also pay an evaluation fee of  $\frac{1}{2}$  of 1% of the principal amount prior to the first disbursement of the sub-loan.

5. Grace and amortization periods for the repayment of principal of sub-loans shall not, without the approval of the Bank, exceed the following :

<i>Sub-loans for Investments in Production of</i>	<i>Grace Period</i>	<i>Amortization Period (in years)</i>	<i>Total</i>
Coconuts			
(a) Interplanted with bananas . . . . .	4	11	15
(b) Rehabilitated . . . . .	6	9	15
Citrus . . . . .	7	8	15
Beef . . . . .	5	7	12
Dairy . . . . .	3	7	10

6. (a) The sub-loans shall be made under written agreements with participating farmers which shall include, without limitation, provisions implementing the terms of paragraphs 4 and 5 above and obtaining the following rights : (i) the right to require the participating farmer to carry out the farm investment plan approved by the Borrower, and to carry on his farming business, with due diligence and efficiency and in accordance with sound technical, agricultural, commercial and financial practices and standards, and to maintain adequate records; (ii) the right of the Borrower and the Bank to inspect the acreage the improvement of which is financed by the credit, any equipment, materials or inputs financed by the sub-loan, the farming business of the participating farmer, the operation thereof, and any relevant records and documents; (iii) the right to obtain all such information as the Borrower or the Bank shall reasonably request relating to the foregoing and to the operations and financial condition of the participating farmer; (iv) the right to require that the proceeds of the sub-loan not be expended for goods produced in, or services supplied from, any country which is not a member of the Bank (other than Switzerland); and (v) the right to suspend or terminate access by the participating farmer to the use of the sub-loan upon failure by him to perform his obligations and, in appropriate cases, to premature the sub-loan.

(b) The Borrower shall exercise its rights under the sub-loan agreements referred to in sub-paragraph (a) above so as to protect the interests of the Borrower and the Bank.

7. The Borrower shall supervise sub-loans made by it in accordance with sound banking and agricultural practices. Such supervision shall include periodic visits to farms to ensure that sub-loan funds are being used properly and that satisfactory progress is being made in completing the investment.